

International Association of Business Communicators “IABC”
Investment Policy
January 30, 2004

I. Policy

One of the most important responsibilities of the IABC’s Board of Directors is the management of the IABC’s assets. Financial assets held in various investment portfolios are managed to achieve the following goals:

- Preservation of invested asset value
- Maximization of investment return within an appropriate level of risk.

II. Practice

A. Objectives

The financial assets managed by the IABC’s Board of Directors are classified as current investments and long-term investments. These different investment pools have varying objectives as described below.

- **Current investments** are managed to achieve maximum current income and minimum market volatility. Maturities are also managed to meet spending requirements.
- **Long-term investments** are managed for total return (both income and capital appreciation) in order to build a hedge against inflation over a market cycle (at least three years). These funds may be subject to short-term fluctuations.

B. Diversification

The IABC should use the technique of investment diversification in order to achieve its goals of preserving asset value and maximizing returns within an appropriate risk level. Investment diversification is achieved by the types of investment securities, types of industries and companies, maturities and durations. The IABC’s Investment Committee determines actual and recommended asset allocations.

C. Performance

With the exception of certain short-term investments such as money market funds, the performance of each portfolio is measured in terms of its total return rather than of individual investment earnings alone. Each portfolio is measured against a comparable market index from both a current and a long-term perspective. A managed funds index will also be used when appropriate. These indices may be comprised of multiple indices that represent the asset allocation of the portfolio under management. The appropriate indices will be established jointly by the investment manager (once IABC has enough reserve to hire an outside manager) and the Investment Committee.

The Investment Committee will evaluate the performance of investment managers each quarter. If investment results significantly trail the designated benchmark index over an extended period of time (a market cycle or less), the investment management firm may be placed on probation or terminated based on the judgment of the Investment Committee.

D. Responsibilities

1. Investment Committee

The Investment Committee of the IABC is responsible for the general administration of all investment portfolios. These responsibilities include:

- Establishing investment policies, objectives, strategies, performance standards and guidelines and communicating these to all appropriate fiduciaries.
- Selecting appropriate asset classes and target allocation percentages/ranges. The appropriateness of selected classes and target allocations will be reviewed no less frequently than once a year.
- Reviewing actual investment allocations on a quarterly basis to ensure that they are in compliance with established target ranges.
- Evaluating and selecting qualified investment managers and custodians based on investment strategy, process, performance and fees.
- Reviewing the results of investment managers against established performance standards and taking whatever corrective action is deemed appropriate when an investment manager fails to perform against established standards. This review should take place on a quarterly basis.

2. Staff

The responsibilities of the IABC staff include:

- Updating investment policies and procedures for review and approval by the Investment Committee as needed.
- Accurately compiling and analyzing data from the IABC's various investment managers for presentation at quarterly Investment Committee meetings.
- Providing information to be used by the Investment Committee for the evaluation and selection of new investment managers as requested by the Committee.

3. Investment Managers

The responsibilities of the investment managers include:

- Accepting assets as directed by the Investment Committee and exercising their investment discretion within the directive provided. Such discretion includes security selection and timing of transactions, subject to the specific investment guidelines and performance standards established for that manager.
- Supplying statements to the Investment Committee at least quarterly, including a detailed description of time-weighted rates of return, asset allocation, portfolio strategy and characteristics.
- Exercising all voting rights, with the intent of fulfilling the investment policies and objectives as communicated by the Investment Committee.
- Informing the Investment Committee of any significant matters affecting the investment management firm and its ability to manage its long-term investment portfolio. Such matters may include, but are not limited to, substantive changes in investment strategy, portfolio structure, market value, as well as significant changes in ownership, organizational structure, financial conditions, or senior personnel.

4. Custodian

The responsibilities of the custodian include:

- Holding and delegating long-term assets.
- Receiving all contributions.
- Collecting all interest, dividends and income due.
- Providing a written accounting of all investments at quarter-end and all receipts, disbursements, income, expenses, and other transactions involving long-term investment assets.

